

## **Gaining Insights: Practical Information for Marketing as a Home Remodeler**

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In America, there is almost no such thing as monopoly. Someone else is already producing the same goods, or selling the same services, as you. Every business owner faces this inescapable reality called competition. Developing a brand-new idea is essentially impossible. This unavoidable actuality amplifies the need for companies to be different — even when similar businesses exist. Executives, wishing to rise above their competition, can turn to marketing for a set of solutions. Heaps of companies turn to classic forms of advertising, but their marketing efforts seem to stop there. Regardless of what you have previously believed, **there is much more to marketing than advertising**. Sadly, most business owners seem unaware of less-obvious marketing tactics and never obtain their desired return on investment (ROI). Meanwhile, successful companies are regularly utilizing all areas of marketing to conquer their objectives. Thankfully, implementing these functional ideas can be quite easy.

Custom Design Works Inc. (CDWI) is no stranger to achieving success in a widely competitive industry. However, a renewed dedication to the tried and true principles of marketing will boost the company to new levels. These principles have served as the “organizing structure” (Yudelson, 1999) of thriving businesses for over six decades. This report will detail the history, philosophy, and current operations of CDWI as well as suggest new and beneficial directions for increased success.

### **Company Bio (History, Strengths, and Weaknesses)**

Custom Design Works Inc. is a premier home remodeler in Hampton Roads. The company’s origin stems from the CEO’s art background. In the early 1980’s, Tony Collins began to consult friends, family, and neighbors on their paint color choices for upcoming projects. This quickly evolved into advising homeowners on types of construction materials,

estimates, and related purchases. Continuously growing unsatisfied with his day-job, Tony decided to buy an office space and start his own home improvement business. To this day, Custom Design Works is guiding customers through home renovations and interior design.

After 36 years of operation, the company has increased in size and services. If anyone needs a room addition, kitchen makeover, bathroom remodel, new house, or basically any home repair, Custom Design is equipped for the job. Besides the variety of services they offer, CDWI serves as a dealer for certain brands of laminate flooring, carpet, and cabinets.

Tony has worked hard to ensure quality results for his clients. This has led to another strong point of the company. Over the years, Custom Design has been recognized as a top 50 remodeler in the country, received awards from Virginia Codes & Compliance, and been featured in Qualified Remodeler Magazine. This influx of media coverage caught the attention of, “the home-improvement giant” (Kanell, 2020), Home Depot. To make a long story short, Custom Design now handles all of Home Depot’s kitchen installations in the state of Virginia. Often times, customers arrive at stores and have important questions about cabinets, counters, backsplashes, flooring, and appliances. It is now Custom Design Work’s job to oversee those purchases and renovations through Home Depot.

Custom Design is set apart by their status as a Class A contractor. There are no restrictions or limits to the jobs they can complete. They have built commercial properties and houses, but their work extends to much smaller jobs such as window and storm door replacements. Plus, carpenters, painters, plumbers, and more are on staff at CDWI; allowing for minimal outsourcing that leads to lower costs.

### **Cultural Influencers and Trends**

One possible threat to Custom Design is the growing 'DIY' (Do It Yourself) movement. For years now, there has been a "rapid growth in the number of large new 'DIY and Home Improvement Centers.'" (Jones, 1984) Meanwhile, hundreds of YouTube channels focus on coaching viewers through household maintenance. This might encourage potential clients to attempt all of the work by themselves. However, Tony should not be too concerned about this. His company does many jobs that are out of range for most DIYers. A complete kitchen, bathroom, or living area overhaul is too big of a task for most homeowners. Even throughout the growing trend of "doing it yourself", locals will still be trusting and hiring Custom Design.

Tony credits the increase in kitchen makeovers to cultural changes in the last half century. Kitchens are now oriented to accommodate family interactions, whereas they used to be designed for housewives only. "The internal planning of housing has relied heavily on stereotypical ideas of gender divisions within the family." (Roberts, 1990) Many families, who own houses that were built 50+ years ago, are now converting their kitchens to a modern setup.

### **Adversity, Regulations, and Competition**

Admittedly, there are hardships and complications that come with running a business. Recently, the COVID-19 pandemic has slowed progress in all areas of commerce, and the construction field is no exception. Processes like acquiring permits and gaining city approval have been hindered by the virus. "Given the new normal of work involved in the Covid-19 pandemic, the processes...have been prolonged." (ContentEngine, 2020) The biggest

weakness for the company is that their timetables for different jobs have been greatly altered due to this situation. However, this is out of their control, and the majority of homeowners have been very understanding.

As businesses grow, government relations tend to increase. Years ago, builders and contractors could give estimates without any context. Since then, the commonwealth of Virginia has instituted a program called 'Cost vs. Value'. It provides the general public with a middle-ground price on various jobs. This helps customers educate themselves. For many businesses, this could pose a threat, but not Custom Design Works. This government program was actually a part of Tony's contract negotiations way before it was required. Customers now have a gauge on fair prices, and the company's honest communication prevents suspicions and secrecy. Because of the ethical approach at CDWI, 'Cost vs. Value' has been a helpful opportunity rather than a hindrance.

While the owner doesn't view business from a competitive point of view, a quick internet search finds dozens of nearby contractors. Custom Design has numerous competitors, but due to the nature of home improvement, the market can handle several companies. Buildings will never outgrow maintenance and renovation - this industry is here to stay. Tony cites Criner Remodeling, Total Home Improvements, and Hatchett Contractors as thriving businesses in the same market. There are also national chains, such as Bath Fitter or West Shore Homes, that could potentially outbid CDWI on some contracts.

### **The Consumers' Situation: Decisions and Research**

Making decisions is a ubiquitous task within the world of economics and buying goods and services. But the truth is, some decisions are more difficult than others.

Consumers purchase packs of gum and full tanks of gas in a matter of minutes. These are called low-involvement purchase decisions. Minimal research goes into buying such items. Low-involvement decisions don't require internet searches, asking friends for advice, or a sales pitch from an employee — sometimes purchases happen in an instant. However, this is not so within the world of home remodeling. When families set out to find a builder, it is typically a high-involvement purchase decision. Most processes that involve your car, house, or an insurance policy are considered high-involvement. (University of Minnesota, 2015)

Decision makers might spend hours scouring the internet looking for companies with a solid reputation, impressive portfolio, and the proper qualifications. These decisions are intense and high-pressure, because a wrong choice could result in a waste of money or purchase dissonance. Therefore, executives in the construction industry must apply this information to the marketing effort. Brands that sell potato chips can get away with providing little information about their process, ingredients, and history. By and large, consumers in the grocery store hardly think twice before picking up a salty snack. But home remodeling companies, like Custom Design Works, must release sufficient research material for their target market to consult throughout the journey of in-depth decision making. When prices are high, and risks are greater, companies must deliver relevant, statistical, and comforting information to convince the consumer that choosing their service is a smart decision.

Such a great deal of research is involved, in the home improvement process, because it's unknown territory for the everyday consumer. Most homeowners can tell when the paint is old and scuffed or when the shingles are falling off. But when a pesky leak leads to mildew in the drywall, this poses an unknown concern for many. In the eyes of the worried residents, these serious scenarios require a trustworthy repair team. Presently, Custom

Design educates their customers along the way, but perhaps this instruction could be upgraded with a new marketing strategy.

### **Gathering Information: The Consumer's Pursuit**

Potential clients browse around for different estimates, designs, and contractors — usually starting with a google search. In fact, 74% of purchases are preceded by an online search. (Mothersbaugh and Hawkins, p. 528, 2016) Therefore, it is imperative for businesses to have adequate and convincing information on the web. The first necessary online tool is a strong website. Traditional media such as TV spots and advertorials are controlled by editors. But a company can control their own website — executives and marketers can steer the narrative surrounding a product or campaign. Both external and controlled media have positive purposes and impacts, but there is indeed something special about businesses having their own media space. CDWI's website looks professional, but they must begin incorporating better information for consumer research purposes.

Tony is not interested in starting an advertising war, because he knows that "the best advertising is great word-of-mouth." (Walkup, 2002) CDWI is built on referrals from social influencers. Accordingly, the company stresses a Christlike approach throughout every job. The philosophy is that a great attitude, kind vocabulary, and thorough clean-up can enhance the homeowners experience. Tony trains his men to be respectful and precise in their work because it leads to satisfied and talkative customers. **Fellow consumers, that live next door, are frequently consulted in purchases regarding household maintenance.** "Where to find a good builder is one of the most discussed

subjects among neighbors, second only to the weather.” (Maslen, 2009) The majority of new clients are the product of this successful word-of-mouth approach.

### **Segmenting the Market by Needs, Perceptions, and Statistics**

Headquartered in Yorktown, Virginia, Custom Design is surrounded by a large amount of purchasing power. The company has a strong local presence, with customers residing in Poquoson and James City County; which both rank top 10 in the state by income per capita. (Data USA, 2017) Significant workloads are available in York County, Gloucester, Newport News, and Hampton as well.

One of the main strengths for Tony's business is this location. Southeastern Virginia has plenty of opportunities for home improvement. Based on public internet records, the median property value in the surrounding area is \$284,229 - 15% above the national average. A study on Virginia's population (Claritas, 2020) found that 1.8 million people live in Hampton Roads. While CDWI *does* work throughout the entire state, their best opportunities for reaching customers are right around the corner.

After geographically segmenting the total market, the ideal consumer lives in the cities closest to Yorktown. While it is an attractive thought to gain clients from all over Virginia, that may not be feasible. Companies like Custom Design should focus on reaching members of the surrounding community. “The ‘shop local’ initiative is growing fiercely and changing the way consumers shop.” (Cummins, 2015) After all, each time someone drives by the office, it serves as a billboard ad.

Obviously, geographical location plays a vital role in business. But the most compelling element of Custom Design might be their physical location. Their office building is state of



the art. Instead of a traditional layout, this office is much like a house. When customers first enter, they are welcomed into an immaculate kitchen-and-dining showroom. This room, while a simple idea, has taken business to the next level. Researchers gather that “a nice display can attract customers without even taking a loss.” (Kuksov, 2018) Hosting meetings in this space allows the potential client to visualize their future kitchen. To be clear, the building is much more than a pretty sight. There is ample room for offices, product storage, large printers, and even other tenants.

Additionally, when customers agree to schedule an office visit, the meeting is accompanied by complementary floor plans and drawings. Many construction companies charge hundreds or thousands of dollars for such a service. “You can expect to pay as little as \$0.50/sf (to an architecture student doing business on the side) to well over \$2/sf to an established design firm.” (Manuel Builders, 2017) **In terms of behavior, Tony’s ideal customer has a tendency to visit a physical location and see their new interior design with their own eyes.**

Demographically speaking, CDWI would be wise to **target married homeowners**. Members of this group are frequently in search of a kitchen and bathroom renovation. These areas of a house are considered high traffic and in need of frequent touch-ups. Most homeowners, especially those hoping to list, know that an updated kitchen can increase the property’s worth. “Few projects beat kitchen work for adding value to the home.” (Miller, 2004) Because of the increasing popularity of those projects, CDWI finds a good portion of their business in baths and kitchens.

Southeastern VA is a booming area for business where 62% of people are homeowners and 43.38% are currently married. A good reputation among renters may

prove to be beneficial, but owners are the decision makers and purchasers within this industry. Less apparently, CDWI must **target married couples**. Married consumers are far more inclined to hire a home remodeler. In 2015 alone, married couples spent \$152,781,000,000 (\$152.8 billion) on home improvement projects; 75.5% more than singles. (Harvard, 2017) Luckily, for local contractors, there are 242, 060 married couples in the area.

While the optimal demographic for Custom Design is quite large, it is not a guarantee that every married couple will purchase a new kitchen through them. This is because consumers' intentions and wants are not always caused by their age, occupation, or marital status. For a more detailed approach, Custom Design must become familiar with the psychology of buying. They must know why customers are willing to pay for their services. The best way to discover this is through discussions, surveys, or phone calls with clients. People from opposite demographics may have similar needs, wants, and reasons for hiring a company. Obviously, in just one week of work, a home remodeler can tend to a wide variety of demands. **Some buyers feel a sense of esteem** when their new marble countertop is installed. Others have homes that are falling apart and in desperate need of urgent repair. Typical **customers of CDWI, will be psychographically categorized by a desire to renovate their kitchen and bathroom.** Tony believes that people come to him because of **physiological, safety, and esteem related needs** and wants. But the safest bet is to depend on customers buying out of preference. In general, attitudes and desires influence decisions more regularly than emergent instances of physiological needs.

### Common Perceptions of Builders, Remodelers, and Renovators

"It's a law of nature: everyone who undertakes major home renovations ends up loathing their contractor." (Kahneman, 2013) Home owners often have a negative perception of having household repairs and makeovers. They believe that it is hard to find a builder who will finish the job completely, show great attention to detail, and be reasonable throughout the process. Neighbors talk about bad experiences just as much as (if not more than) good ones. Even if the total result of a remodeling project was satisfactory, customers can often walk away with unpleasant memories. Research suggests that people subconsciously remember the end of a process in favor of the overall situation. (Kahneman, 2013) For instance, a contractor can perfectly execute a kitchen rebuild, but if they fail to fix a faulty light-switch, or leave a piece of molding loose, the homeowner won't forget it. These seem like small details, in comparison to the entire job, but when they occur towards the end of a big expenditure, minute errors spark more negative attitudes. When looking for a suitable contractor, **consumers are in search of companies at the right price-point, with a good reputation, that provide quality service, and bring an impressive portfolio to the table.**

### Conducting Original Research

Using those 4 attributes, a survey was conducted among 15 members of the target market. Recall that the target market is comprised of local, married homeowners (specifically ages 30-70). Participants were tasked with rating the importance of each attribute, in regards to hiring a remodeler, from 1 to 10. Then, they rated five local kitchen and bathroom renovators (including CDWI) on each attribute. In the event that subjects were totally unfamiliar with the brands, time was allowed for internet research on each company.

After calculating the inputs, the results showed that consumers view CDWI as the second best corporation in the local industry. Custom Design ranked high in terms of their portfolio and quality service. This data will help guide a marketing program to ensure the company remains competitive.

Using the sum of all the research reviewed above, a dependable marketing program can be constructed. The “tried and true” principles of marketing all come down to your product, price, promotion, and place. Companies must optimize what they sell, how much it costs, how it’s presented, and where it’s sold in order to get their goods and services in front of their target market.

## **Product**

The statistics show that kitchen and baths are in demand, so the company is right to focus on them. But, by no means, should Custom Design abandon their other services. It’s good that they offer a unique variety. One of the competitors in the study, Bath Fitter, scored lowest on price and only works on bathrooms. By offering an assortment of repairs, CDWI becomes quite practical to the homeowner, and more favorable than Bath Fitter.

Custom Design placed 2nd in the ‘service’ attribute, which was defined as the quality of work in terms of speediness, attention to detail, communication, and final product. Consumers perceive the company to deliver in terms of outcome — their product is superb. There is little room for improvement on CDWI’s end, instead they must better educate customers on just how good the results will be.

## Price

The same goes for pricing. Custom Design recorded the second-worst score in the category, but the solution is not to cut costs. When prices are dropped, there is no guarantee that you'll gain tons of clients. This is partly because price interprets quality in the mind of a shopper. "A high price may reflect...high production costs associated with high quality." (Gerstner, 1985) CDWI can remain at a similar price-level, if they improve their published informational resources. If buyers have substantial reading material that conveys the value of a service, they will better understand the worthiness for such a price tag.

## Promotion

Tony is not particularly interested in fighting for attention through Google ads or television commercials. This is a totally understandable position — traditional advertising doesn't work for everyone. But there is still an unsolved need for the company — the amount of company information on the internet is insufficient. They have a few e-reviews, some old before-and-after pictures, and one outdated video. When customers search the web, and they don't find enough details, it conveys low credibility. Here's how CDWI can reverse this trend and appear as a more put-together force in home remodeling:

- Hire an advertising agency to **create 5 informational videos** (about 4-7 minutes in length)

on different aspects of the company. Good concepts for videos include: company history, interviews with the employees, a virtual office tour, etc. If a picture says a thousand words, these videos might say a million.

- Have copywriters, perhaps from the agency, **revise the existing information on the**

**website** and add to it. Starting a blog that focuses on relevant industry topics is a sure-fire SEO tool. “The biggest potential benefit to a company blog is the effect that it can have on your overall SEO efforts.” (Dzhingarov, 2016) For context, Search Engine Optimization (SEO) ensures that your website appears favorably in the results from a search query.

- Due to Custom Design’s reliance on word-of-mouth, they should begin to **incentivize customer referrals**. Small discounts could be offered to customers who agree to post a sign in their yard about Custom Design. These signs would notify the neighbors to stop by and admire the new kitchen or bathroom; hence initiating meaningful recommendations. Additionally, when a customer makes a referral, they could be awarded a gift card for spreading the word. The company could also remind recent clients to post a Google, Facebook, or Angie’s List review.
- The company could use photos to improve the content on their website and Facebook page. At the next 10 job sites, employees (or photographers from the agency) could set up a before-and-after photoshoot that would create cost-effective promotional material.

**Placement**

Overall, the company's distribution is brilliant. Their office is on a main road and they have key connections with larger companies. The one tweak that could be made is their delivery trucks. All company cars feature the CDWI logo. Perhaps a rebrand is overdue. Designing a new company logo for all of the signage might help the company stand out while on the road.

While meetings in the stunning office location are quite persuasive, it may be convenient to have salesman that visit the homes of potential customers.

**Final Thoughts and Biblical Implications**

Further separation from local competition, national chains, and DIYers, could be achieved by following the proposed marketing plan. It is not necessary for the company to rewrite their current operations, but they should be actively engaged in educating potential customers. Tony and his business stand to benefit from better informing the target market through publishing greater amounts of helpful research material and re-thinking the website.

In conclusion, Custom Design Works Inc. is a well-run company that functions with integrity. Their organizational values and work ethic have placed them favorably among their competitors. Tony runs his business through a Christian worldview and this has profound implications in marketing. Proverbs 27:23 (NET) says: "Pay careful attention to the condition of your flocks, set your mind on your herds." In other words, God has given everyone something to manage. Whatever someone oversees, they must work meticulously to facilitate a smooth process. When marketing a business, it is important that the company

accurately understands the interests of the target market. Marketing research, segmentation, and programs can benefit consumers and companies alike.



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